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Dr M: We'll be very careful about reprivatising IWK

KUALA LUMPUR, Mon. - The Government is being very careful about proposals received to "reprivatise" Indah Water Konsortium as it does not want to repeat the mistake that occurred with the privatisation in 1994.

Prime Minister Datuk Seri Dr Mahathir Mohamad said when sewerage services were privatised, the company did not do much to improve the amenities but "they were busy selling shares".

"We have to evaluate very carefully this time because when we privatised it to one company, they did not look into the workings of the water treatment plants...

"Instead, they were selling their companies one after another. So, the price of the company goes up, but nothing was done on the ground.

"When we privatise this time, we won't allow them to sell to anybody," he said after opening a conference on water and wastewater for developing countries.

The Government took over debt-ridden IWK by paying RM192.5 million in cash in June, making the national sewerage company a wholly-owned subsidiary of the Minister of Finance Inc.

The Government became a special shareholder of IWK last year when it pumped in RM925 million in support loans.

Dr Mahathir, who is also Finance Minister, said the Government was restructuring the company which required an investment of RM8 to RM10 billion over the next 10 years.

He said a few companies were interested but they should have the facility to invest as "they cannot look to the Government to give help".

The proposals are being studied by the Economic Planning Unit.

Asked if the reprivatisation would result in an increase in rates, Dr Mahathir said fixing the rates had always been a problem because consumers believed that they were previously not paying anything for the services.

"So, they are not happy about it."

According to the Auditor-General's report, IWK had incurred losses of RM32.22 million for the year ended April 2000, while accumulated losses stood at RM332.86 million.

IWK had been plagued with debts amounting to RM700 million. Its main problems include uncollected debts of RM145 million as well as the servicing of more than 7,000 treatment plants.

Earlier, in his speech at the conference organised by the International Water Association, Dr Mahathir said there had to be a policy to govern the regulation and management of water resources in developing countries.

Perhaps, he said, there should be a body to represent these countries entrusted with the task of research and development on water and wastewater management.

"Clearly, water needs to be properly managed," he said.

He added that poverty was the greatest cause of water pollution as the poor who lived beside rivers, used them as sewers and for rubbish disposal.

"It is a problem of culture. If cleanliness is part of the culture of the people, then the pollution of rivers can be prevented," he said.

The Prime Minister added that most developing countries were facing water stress including water-rich countries like Malaysia because of an uneven distribution of population and industries.

Selangor, Penang, Perlis, Malacca and Kuala Lumpur face a water deficit

and have to get their supply from other States.

"The approach should not be through stopping development but through careful planning and due consideration for the preservation of supply and quality of water."

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